



Delta Natural Gas Company, Inc.



3617 Lexington Road
Winchester, Kentucky 40391-9797

PHONE: 859-744-6171

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September 19, 2007

Ms. Beth O'Donnell
Executive Director
Public Service Commission
P O Box 615
Frankfort, KY 40602

RECEIVED

SEP 21 2007

**PUBLIC SERVICE
COMMISSION**

2007-416

Dear Ms. O'Donnell:

Enclosed are the original and three copies of Delta's Quarterly Report of Gas Cost Recovery Rate Calculation which determines the Gas Cost Recovery Rate (GCR) to be effective with the first billing cycle of November 2007 which includes meters read on and after October 24, 2007.

An extra copy of the filing is attached for public files.

Please acknowledge receipt of this filing by stamping the extra copy of the cover letter and returning to Delta in the envelope provided.

Sincerely,

Connie King

Connie King
Manager – Corporate & Employee Services

2007-416

GAS COST

RECOVERY RATE CALCULATION

Date Filed	09/19/07
Date to be Effective	10/24/07

DELTA NATURAL GAS COMPANY, INC.

SCHEDULE I

GAS COST RECOVERY CALCULATION

COST RECOVERY RATE EFFECTIVE NOVEMBER 1, 2007		
PARTICULARS	UNIT	AMOUNT
EXPECTED GAS COST (EGC)	\$/MCF	8.6577
SUPPLIER REFUND (RA)	\$/MCF	-
ACTUAL ADJUSTMENT (AA)	\$/MCF	1.2719
BALANCE ADJUSTMENT (BA)	\$/MCF	0.0016
GAS COST RECOVERY RATE (GCR)	\$/MCF	<u>9.9312</u>

EXPECTED GAS COST SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
PRIMARY GAS SUPPLIERS (SCHEDULE II)	\$	18,792,111
UTILITY PRODUCTION	\$	-
INCLUDABLE PROPANE	\$	-
	\$	<u>18,792,111</u>
TOTAL ESTIMATED SALES FOR QUARTER	MCF	<u>2,170,561</u>
EXPECTED GAS COST (EGC) RATE	\$/MCF	<u>8.6577</u>

SUPPLIER REFUND ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
CURRENT QUARTER (SCHEDULE III)	\$/MCF	-
PREVIOUS QUARTER	\$/MCF	-
SECOND PREVIOUS QUARTER	\$/MCF	-
THIRD PREVIOUS QUARTER	\$/MCF	-
SUPPLIER REFUND ADJUSTMENT (RA)	\$/MCF	<u>-</u>

ACTUAL ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
CURRENT QUARTER (SCHEDULE IV)	\$/MCF	0.3810
PREVIOUS QUARTER	\$/MCF	(0.4466)
SECOND PREVIOUS QUARTER	\$/MCF	1.0642
THIRD PREVIOUS QUARTER	\$/MCF	<u>0.2733</u>
ACTUAL ADJUSTMENT (AA)	\$/MCF	<u>1.2719</u>

BALANCE ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
BALANCE ADJUSTMENT AMOUNT (SCHEDULE V)	\$	3,431
ESTIMATED SALES FOR QUARTER	MCF	<u>2,170,561</u>
BALANCE ADJUSTMENT (BA)	\$/MCF	<u>0.0016</u>

DELTA NATURAL GAS COMPANY, INC.

MCF PURCHASES FOR THREE MONTHS BEGINNING
November 1, 2007
AT SUPPLIERS COSTS EFFECTIVE
November 1, 2007

Supplier	MCF Purchases	DTH Conv Factor	Rates (\$)	Quarterly Cost	Rate Increase (I)/ Reduction (R)
TENNESSEE GAS PIPELINE PIPELINE (SCH II, PAGE 2 OF 2)				673,884	
ATMOS ENERGY MARKETING	721,709	1.036	7.8700	5,884,324	I
COLUMBIA GAS TRANSMISSION PIPELINE (SCH II, PAGE 2 OF 2)				417,279	
ATMOS ENERGY MARKETING	329,065	1.029	7.8800	2,668,230	I
COLUMBIA GULF TRANSMISSION M&B GAS SERVICES	252,257	1.030	7.8200	2,031,829	R
KENTUCKY PRODUCERS CHESAPEAKE	16,791		10.4300	175,130	I
STORAGE	850,739		8.1593	6,941,435	N
TOTAL	<u>2,170,561</u>			<u>18,792,111</u>	

COMPANY USAGE 32,558

TENNESSEE GAS PIPELINE RATES EFFECTIVE 11/01/07

		DTH VOLUMES	FIXED OR VARIABLE		RATES	QUARTERLY COST
FT-G RESERVATION RATE - ZONE 0-2	1.	8,371	F	2.	\$9.060	\$75,837
FT-G RESERVATION RATE - ZONE 1-2	3.	22,511	F	4.	\$7.620	\$171,532
FT-G COMMODITY RATE - ZONE 0-2	5.	168,066	V	6.	\$0.0898	\$15,092
FT-G COMMODITY RATE - ZONE 1-2	7.	451,875	V	8.	\$0.0794	\$35,879
FT-A RESERVATION RATE - ZONE 0-2	9.	705	F	10.	\$9.060	\$6,387
FT-A RESERVATION RATE - ZONE 1-2	11.	3,024	F	12.	\$7.620	\$23,043
FT-A RESERVATION RATE - ZONE 3-2	13.	471	F	14.	\$4.320	\$2,035
FT-A COMMODITY RATE - ZONE 0-2	15.	21,444	V	16.	\$0.0898	\$1,926
FT-A COMMODITY RATE - ZONE 1-2	17.	91,980	V	18.	\$0.0794	\$7,303
FT-A COMMODITY RATE - ZONE 3-2	19.	14,326	V	20.	\$0.0548	\$785
FUEL & RETENTION - ZONE 0-2	21.	189,510	V	22.	\$0.3725	\$70,585
FUEL & RETENTION - ZONE 1-2	23.	543,855	V	24.	\$0.3097	\$168,409
FUEL & RETENTION - ZONE 3-2	25.	14,326	V	26.	\$0.0922	\$1,321
SUB-TOTAL						\$580,134
FS-PA DELIVERABILITY RATE	27.	4,572	F	28.	\$2.02	\$9,235
FS-PA INJECTION RATE	29.	46,689	V	30.	\$0.0053	\$247
FS-PA WITHDRAWAL RATE	31.	46,689	V	32.	\$0.0053	\$247
FS-PA SPACE RATE	33.	560,271	F	34.	\$0.0248	\$13,895
FS-PA RETENTION	35.	46,689	V	36.	\$0.1173	\$5,476
SUB-TOTAL						\$29,101
FS-MA DELIVERABILITY RATE	37.	25,908	F	38.	\$1.15	\$29,794
FS-MA INJECTION RATE	39.	96,906	V	40.	\$0.0102	\$988
FS-MA WITHDRAWAL RATE	41.	96,906	V	42.	\$0.0102	\$988
FS-MA SPACE RATE	43.	1,162,866	F	44.	\$0.0185	\$21,513
FS-MA RETENTION	45.	96,906	V	46.	\$0.1173	\$11,365
SUB-TOTAL						\$64,649
TOTAL TENNESSEE GAS PIPELINE CHARGES						\$673,884
COLUMBIA GAS TRANSMISSION RATES EFFECTIVE 11/01/07						
GTS COMMODITY RATE	47.	338,608	V	48.	\$0.7772	\$263,166
FUEL & RETENTION	49.	338,608	V	50.	\$0.3142	\$106,383
TOTAL COLUMBIA GAS TRANSMISSION CHARGES						\$369,549
COLUMBIA GULF CORPORATION RATES EFFECTIVE 11/01/07						
FTS-1 RESERVATION RATE	51.	13,134	F	52.	\$3.1450	\$41,306
FTS-1 COMMODITY RATE	53.	338,608	V	54.	\$0.0186	\$6,298
FUEL & RETENTION	55.	338,608	V	56.	\$0.0004	\$126
TOTAL COLUMBIA GULF CORPORATION CHARGES						\$47,730
TOTAL PIPELINE CHARGES						\$1,091,163

**SUPPLIER REFUND ADJUSTMENT
 DETAIL FOR THE THREE MONTHS ENDED
 July 31, 2007**

Particulars	Unit	Amount
SUPPLIERS REFUNDS RECEIVED (1)	\$	0
INTEREST FACTOR (2)		<u>1.0234</u>
REFUND ADJUSTMENT INCLUDING INTEREST	\$	0
SALES TWELVE MONTHS ENDED July 31, 2007	MCF	<u>3,285,064</u>
CURRENT SUPPLIER REFUND ADJUSTMENT	\$/MCF	<u><u>0.0000</u></u>

(1) Suppliers Refunds Received	Date Received	Amount
Total		<u><u>0.00</u></u>

(2) Interest Factor		
RESULT OF PRESENT VALUE	4.7969230	-0.5 = 4.296923

DELTA NATURAL GAS COMPANY, INC.

SCHEDULE IV

**ACTUAL ADJUSTMENT
DETAIL FOR THE THREE MONTHS ENDED
July 31, 2007**

Particulars	Unit	For the Month Ended		
		May-07	Jun-07	Jul-07
SUPPLY VOLUME PER BOOKS				
PRIMARY GAS SUPPLIERS	MCF	201,069	182,252	125,620
UTILITY PRODUCTION	MCF	-	-	-
INCLUDABLE PROPANE	MCF	-	-	-
OTHER VOLUMES (SPECIFY)	MCF	-	-	-
TOTAL	MCF	<u>201,069</u>	<u>182,252</u>	<u>125,620</u>
SUPPLY COST PER BOOKS				
PRIMARY GAS SUPPLIERS	\$	1,824,162	1,676,874	1,096,267
UTILITY PRODUCTION	\$	-	-	-
INCLUDABLE PROPANE	\$	-	-	-
OTHER COST (SPECIFY)	\$	-	-	-
TOTAL	\$	<u>1,824,162</u>	<u>1,676,874</u>	<u>1,096,267</u>
SALES VOLUME				
JURISDICTIONAL	MCF	216,338	91,446	57,943
OTHER VOLUMES (SPECIFY)	MCF	-	-	-
TOTAL	MCF	<u>216,338</u>	<u>91,446</u>	<u>57,943</u>
UNIT BOOK COST OF GAS				
EGC IN EFFECT FOR MONTH	\$	8.4320	18.3373	18.9197
RATE DIFFERENCE	\$	(0.7157)	9.1896	9.7720
MONTHLY SALES	MCF	216,338	91,446	57,943
MONTHLY COST DIFFERENCE	\$	<u>(154,833)</u>	<u>840,352</u>	<u>566,219</u>
				Three Month
				Period
COST DIFFERENCE FOR THE THREE MONTHS				
TWELVE MONTHS SALES FOR PERIOD ENDED	\$			1,251,738
CURRENT QUARTERLY ACTUAL ADJUSTMENT	MCF			<u>3,285,064</u>
	\$/MCF			0.3810

DELTA NATURAL GAS COMPANY, INC.

SCHEDULE V

EXPECTED GAS COST BALANCE ADJUSTMENT
 DETAIL FOR THE THREE MONTHS ENDED
 July 31, 2007

Particulars	Unit	Amount
COST DIFFERENCE BETWEEN BOOK AND EFFECTIVE EGC AS USED TO COMPUTE AA OF THE GCR IN EFFECT FOUR QUARTERS PRIOR TO THE CURRENTLY EFFECTIVE GCR	\$	(7,073,563)
LESS: DOLLAR AMOUNT RESULTING FROM THE AA OF (2.1650) \$/MCF AS USED TO COMPUTE THE GCR IN EFFECT FOUR QUARTERS PRIOR TO THE CURRENTLY EFFECTIVE GCR TIMES THE JURISDICTIONAL SALES OF 3,285,064 MCF FOR THE PERIOD BETWEEN THE EFFECTIVE DATE OF THE CURRENT GCR RATE AND THE EFFECTIVE DATE OF THE GCR IN EFFECT APPROXIMATELY ONE YEAR PRIOR TO THE CURRENT RATE	\$	<u>(7,112,164)</u>
BALANCE ADJUSTMENT FOR THE AA	\$	<u>38,601</u>
DOLLAR AMOUNT OF SUPPLIER REFUND ADJUSTMENT AS USED TO COMPUTE RA OF THE GCR IN EFFECT FOUR QUARTERS PRIOR TO THE CURRENTLY EFFECTIVE GCR	\$	(919)
LESS: DOLLAR AMOUNT RESULTING FROM THE UNIT RATE FOR SUPPLIER REFUND ADJUSTMENT OF (0.0003) \$/MCF AS USED TO COMPUTE RA OF THE JURISDICTIONAL SALES FOR THE PERIOD BETWEEN THE EFFECTIVE DATE OF THE CURRENT GCR RATE AND THE EFFECTIVE DATE OF THE GCR RATE IN EFFECT APPROXIMATELY ONE YEAR PRIOR TO THE CURRENT RATE FOR THE MCF TOTAL OF 3,285,064	\$	(986)
BALANCE ADJUSTMENT FOR THE RA	\$	67
DOLLAR AMOUNT OF BALANCE ADJUSTMENT AS USED TO COMPUTE BA OF THE GCR IN EFFECT ONE QUARTER PRIOR TO THE CURRENTLY EFFECTIVE GCR	\$	689,269
LESS: DOLLAR AMOUNT RESULTING FROM THE BA OF 1.9810 \$/MCF AS USED TO COMPUTE THE GCR IN EFFECT ONE QUARTER PRIOR TO THE CURRENTLY EFFECTIVE GCR TIMES THE JURISDICTIONAL MCF SALES OF 365,727 FOR THE PERIOD BETWEEN THE EFFECTIVE DATE OF THE CURRENT GCR RATE AND THE EFFECTIVE DATE OF THE GCR RATE IN EFFECT IMMEDIATELY PRIOR TO THE CURRENT RATE	\$	<u>724,505</u>
BALANCE ADJUSTMENT FOR THE BA	\$	<u>(35,236)</u>
TOTAL BALANCE ADJUSTMENT AMOUNT	\$	<u>3,431</u>

TGP SUPPLIED AREAS PURCHASE PROFILE:

9/18/2007

MONTH	VOLUMES MCF	VOLUMES DTH	NYMEX \$ PER DTH	ADD-ON PER DTH	TOTAL
November 2007	164,107	170,015	\$7.317	(\$0.060)	\$1,233,797.78
December	262,553	272,005	\$7.932	(\$0.060)	\$2,141,222.64
January 2008	<u>295,049</u>	<u>305,671</u>	\$8.272	(\$0.060)	<u>\$2,510,168.31</u>
	721,709	747,691			\$5,885,188.73
FIXED PRICE		0			\$0.00
FIXED PRICE		0			\$0.00
WEIGHTED AVERAGE PRICE PER DTH:				<u><u>\$7.87</u></u>	

COLUMBIA SUPPLIED AREAS PURCHASE PROFILE:

MONTH	VOLUMES MCF	VOLUMES DTH	NYMEX \$ PER DTH	ADD-ON PER DTH	TOTAL
November 2007	68,120	70,095	\$7.317	(\$0.07)	\$507,981.94
December	120,284	123,772	\$7.932	(\$0.07)	\$973,097.32
January 2008	<u>140,661</u>	<u>144,740</u>	\$8.272	(\$0.07)	<u>\$1,187,158.87</u>
	329,065	338,608			\$2,668,238.13
FIXED PRICE		0			\$0.00
WEIGHTED AVERAGE PRICE PER DTH:				<u><u>\$7.88</u></u>	

CHESAPEAKE SUPPLIED AREAS PURCHASE PROFILE:

MONTH	VOLUMES MCF	NYMEX \$ PER DTH	ADD-ON PER DTH	BTU ADJUSTMENT	TOTAL
November 2007	3,456	\$7.317	\$0.75	1.2	\$33,455.46
December	6,682	\$7.932	\$0.75	1.2	\$69,615.75
January 2008	<u>6,653</u>	\$8.272	\$0.75	1.2	<u>\$72,028.04</u>
	16,791				\$175,099.25
WEIGHTED AVERAGE PRICE PER MCF:					<u><u>\$10.43</u></u>

COLUMBIA GULF SUPPLIED AREAS PURCHASE PROFILE:

MONTH	VOLUMES MCF	VOLUMES DTH	NYMEX \$ PER DTH	ADD-ON PER DTH	TOTAL
November 2007	252,257	261,086	\$7.317	\$0.50	\$2,040,909.22
December	0	0	\$7.932	\$0.50	\$0.00
January 2008	<u>0</u>	<u>0</u>	\$8.272	\$0.50	<u>\$0.00</u>
	252,257	261,086			\$2,040,909.22
FIXED PRICE		0			\$0.00
WEIGHTED AVERAGE PRICE PER DTH:				<u><u>\$7.82</u></u>	

**COMPUTATION OF CHESAPEAKE PRICE EFFECTIVE 11/01/07 BASED ON WEIGHTED
AVERAGE NYMEX FUTURES PRICES FOR NOVEMBER 2007 THRU JANUARY 2008**

WEIGHTED AVERAGE PRICE W/ ADD-ON \$10.43 per MCF

**COMPUTATION OF ATMOS ENERGY MARKETING PRICE EFFECTIVE 11/01/07 BASED ON WEIGHTED
AVERAGE NYMEX FUTURES PRICES FOR NOVEMBER 2007 THRU JANUARY 2008 (TGP)**

WEIGHTED AVERAGE PRICE W/ ADD-ON \$7.87 per MMBtu dry

**COMPUTATION OF ATMOS ENERGY MARKETING PRICE EFFECTIVE 11/01/07 BASED ON WEIGHTED
AVERAGE NYMEX FUTURES PRICES FOR NOVEMBER 2007 THRU JANUARY 2008 (TCO)**

WEIGHTED AVERAGE PRICE W/ ADD-ON \$7.88 per MMBtu dry

**COMPUTATION OF M&B PRICE EFFECTIVE 11/01/07 BASED ON WEIGHTED
AVERAGE NYMEX FUTURES PRICES FOR NOVEMBER 2007 THRU JANUARY 2008**

WEIGHTED AVERAGE PRICE W/ ADD-ON \$7.82 per MMBtu dry

	FOR	All Service Areas
<u>DELTA NATURAL GAS COMPANY, INC.</u>	P.S.C. NO.	10
Name of Issuing Corporation	Thirteenth Revised	SHEET NO. 2
	CANCELLING P.S.C. NO.	10
	Twelfth Revised	SHEET NO. 2

CLASSIFICATION OF SERVICE
RATE SCHEDULES

RESIDENTIAL

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 16.

AVAILABILITY

Available for use by residential customers.

CHARACTER OF SERVICE

Firm - within the reasonable limits of the Company's capability to provide such service.

RATES

	<u>Base Rate</u> +	Gas Cost Recovery Rate (GCR) ** =	<u>Total Rate</u>
Customer Charge *	\$ 10.00		\$ 10.00
All Mcf	\$ 4.1592	\$9.9312	\$ 14.0904/Mcf (R)

* The customer charge includes \$0.20 collected under Delta's Energy Assistance Program Tariff Rider as set forth on Sheet No. 35 of this tariff.

** The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 12 and 13 of this tariff.

DATE OF ISSUE	September 19, 2007	DATE EFFECTIVE	October 24, 2007 (Final Meter Reads)
ISSUED BY	Glenn R. Jennings	TITLE	Chairman of the Board
	Name of Officer		President and CEO
Issued by authority of an Order of the Public Service Commission of KY in			
CASE NO.		DATED	

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

FOR All Service Areas
P.S.C. NO. 10
Thirteenth Revised SHEET NO. 4
CANCELLING P.S.C. NO. 10
Twelfth Revised SHEET NO. 4

CLASSIFICATION OF SERVICE
RATE SCHEDULES

LARGE NON-RESIDENTIAL GENERAL SERVICE *

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 16.

AVAILABILITY

Available for use by large non-residential customers.

CHARACTER OF SERVICE

Firm - within the reasonable limits of the Company's capability to provide such service.

RATES

	<u>Base Rate +</u>	<u>Gas Cost Recovery Rate (GCR) ** =</u>	<u>Total Rate</u>	
Customer Charge	\$ 72.00		\$ 72.00	
.1 - 200 Mcf	\$ 3.7950	\$9.9312	\$ 13.7262/Mcf	(R)
200.1 - 1000 Mcf	\$ 2.1461	\$9.9312	\$ 12.0773/Mcf	(R)
1000.1 - 5000 Mcf	\$ 1.3500	\$9.9312	\$ 11.2812/Mcf	(R)
5000.1 - 10000 Mcf	\$ 0.9500	\$9.9312	\$ 10.8812/Mcf	(R)
Over 10,000 Mcf	\$ 0.7500	\$9.9312	\$ 10.6812/Mcf	(R)

TERMS AND CONDITIONS

For a customer that is utilizing transportation service and has underdeliveries of transportation gas to Delta's system, and/or requests to revert to the General Service or Interruptible Service rate schedule, Delta may require a written contract providing for a continuance of service under the General Service or Interruptible Service rate schedule for a minimum term of twelve months beginning with the date service reverts to the General Service or Interruptible Service rate schedule.

* Meter larger than AL425

** The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 10 and 11 of this tariff.

DATE OF ISSUE September 19, 2007 DATE EFFECTIVE October 24, 2007 (Final Meter Reads)
ISSUED BY Glenn R. Jennings TITLE Chairman of the Board
Name of Officer President and CEO
Issued by authority of an Order of the Public Service Commission of KY in
CASE NO. _____ DATED _____

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

FOR All Service Areas
P.S.C. NO. 10
Thirteenth Revised SHEET NO. 5
CANCELLING P.S.C. NO. 10
Twelfth Revised SHEET NO. 5

CLASSIFICATION OF SERVICE
RATE SCHEDULES

INTERRUPTIBLE SERVICE

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 16.

AVAILABILITY

Available for use by interruptible customers.

CHARACTER OF SERVICE

Interruptible - within the reasonable limits of the Company's capability to provide such service.

RATES

	Base Rate +	Gas Cost Recovery Rate (GCR) ** =	Total Rate	
Customer Charge	\$250.00		\$250.00	
.1 - 1000 Mcf	\$ 1.6000	\$9.9312	\$ 11.5312/Mcf	(R)
1000.1 - 5000 Mcf	\$ 1.2000	\$9.9312	\$ 11.1312/Mcf	(R)
5000.1 - 10000 Mcf	\$ 0.8000	\$9.9312	\$ 10.7312/Mcf	(R)
Over 10,000 Mcf	\$ 0.6000	\$9.9312	\$ 10.5312/Mcf	(R)

Special Conditions - All customers having a connected load in excess of 2,500,000 Btu input per hour may be required to enter into an Interruptible Sales Agreement. Determinations of those customers so required shall be based on peak day use as well as annual volume and shall be at the sole discretion of the Company.

Any customer required to enter into an Interruptible Agreement shall be permitted to purchase or transport gas under the Interruptible Rate Schedule as set forth on Sheet No. 5. Gas requirements, minimum charges and other specific information shall be set forth in the Agreement.

TERMS AND CONDITIONS

For a customer that is utilizing transportation service and has underdeliveries of transportation gas to Delta's system, and/or requests to revert to the General Service or Interruptible Service rate schedule,

DATE OF ISSUE September 19, 2007 DATE EFFECTIVE October 24, 2007 (Final Meter Reads)
ISSUED BY Glenn R. Jennings TITLE Chairman of the Board
Name of Officer President and CEO
Issued by authority of an Order of the Public Service Commission of KY in
CASE NO. _____ DATED _____